Immunocept, LLC, et al v. Fulbright & Jaworski Doc. 55

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

FILED

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CLERK, U.S. DISTRICT COURT
WESTERN DISTRICT OF TEXAS
BY ______
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IMMUNOCEPT, LLC, PATRICE ANNE LEE, AND JAMES REESE MATSON,	§	
	§	
Plaintiffs,	§	
	§	
vs.	§	**CAUSE NO. A 05 CA 334 SS**
	§	
FULBRIGHT & JAWORSKI, LLP,	§	
	§	
Fulbright.	§	

PLAINTIFFS' RESPONSES TO FULBRIGHT'S MOTION TO COMPEL PLAINTIFFS TO PERMIT QUESTIONING OF THOMAS R. FELGER AND R. DARRYL BURKE

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TO THE HONORABLE COURT:

COMES NOW Plaintiffs and file this Response to Defendant Fulbright & Jaworki's Motion To Compel Plaintiffs to Permit Questioning of Thomas R. Felger and R. Darryl Burke and would respectfully show the Court as follows:

I. SUMMARY

Since the day that the Plaintiffs first notified Defendant Fulbright & Jaworski ("Fulbright") of the error Fulbright had committed in the prosecution of Plaintiffs' patent, Fulbright has been running from it. Indeed, instead of facing up to the consequences of their conduct and seeking to make things right with a former client who had once relied upon Fulbright's reputation for excellent service and professionalism, Fulbright has adopted the strategy of denial and deflection of responsibility. This strategy is, of course, internally inconsistent. On the one hand, Fulbright fervently contends that a review of the relevant facts shows that no malpractice occurred. On the other hand, Fulbright asserts that the malpractice was so plain that someone should have discovered it long ago. Nevertheless, with this Motion, Fulbright is attempting to carry out the latter half of this incoherent strategy.

Initially, Fulbright attempted to affix responsibility for Fulbright's error on Plaintiffs, its former clients. Having failed to turn up any evidence that Plaintiffs were aware of Fulbright's misconduct, Fulbright began looking for someone else to blame. Fulbright's latest targets are Tom Felger and Darryl Burke, two patent attorneys that Plaintiffs had hired subsequent to Fulbright's representation. Fulbright has already taken the deposition of each of these attorneys. In these depositions, both attorneys testified unequivocally that, prior to April 5, 2002, neither had ever communicated any information to the Plaintiffs concerning the effect or meaning of the "consisting of" language in the '418 Patent. Moreover, each attorney firmly maintained that the scope of the duties assigned them by the Plaintiffs never included a review of the '418 Patent to determine the effect the "consisting of" language had on the scope of patent.

Clearly disappointed by these answers, Fulbright has filed this Motion, seeking another oppportunity to question Felger and Burke, this time about uncommunicated thoughts and impressions each may have had about the '418 patent. The basis of that Motion is Fulbright's assertion that Plaintiffs have waived privilege with respect to these uncommunicated thoughts. This argument is without merit for at least two reasons.

First, Plaintiffs's agreement to produce documents and answer questions concerning its communications with Felger and Burke was expressly predicated on Defendants' acknowledgement that such agreement would not constitute a waiver of Plaintiffs privilege with respect to that information. This agreement between the parties precludes Defendants from making this argument in their Motion.

Second, because a review of the "consisting of" language in the '418 was outside the scope of the duties Plaintiffs assigned to Felger and Burke, any impressions held by Felger or Burke concerning such language would have been obtained while acting outside the scope of their employment and thus, cannot be imputed to the Plaintiffs. As such, these impressions or thoughts – whatever they were – would not be relevant to the statute of limitations issue. Accordingly, offensive-use waiver – which requires the information at issue to be "outcome determinative" – would not apply.

II. BACKGROUND

In the 1990s, Plaintiffs Drs. James Matson and Patrice Lee developed a promising device to be used in the treatment for sepsis, a condition that kills more than two hundred and fifteen thousand people each year in the United States. Plaintiffs asked Fulbright to file a patent application that would protect its technology. When the original attorney handling the

Immunocept patent application quit the firm, Fulbright reassigned the application to Sarah Brashears, a junior associate a few months out of law school whose only formal patent training was a single patent review course.

After taking responsibility for the application, Ms. Brashears, apparently acting without any supervision, amended the application by inserting the words "consisting of" in the claim 1. Though not apparent to one unfamiliar with the lexicon of patent claim construction, the use of the phrase "consisting of" in the '418 Patent drastically narrowed the scope of the claims. Had this amendment been required by the patent office or otherwise necessary to distinguish the Plaintiffs' technology from prior art, there would have been nothing wrong with it. Here, however, the use of this dramatically narrowing phrase was entirely unnecessary. The prior art was actually distinguishable on other unrelated grounds.[1] Furthermore, even if additional distinctions (that did not narrow the scope of the patent) needed to be made, they were available.[2] Fulbright's gratuitous and unnecessary narrowing of the '418 Patent stands at the heart of Plaintiffs' lawsuit.

Unacquainted with the particular lingua franca of patent claim interpretation and uninformed by Fulbright of the effect of the "consisting of" language, Plaintiffs were completely unaware of this fatal flaw in their patent. Assuming that Fulbright would have obtained the broadest available patent for them, Plaintiffs proceeded to explore opportunities to obtain funding to conduct clinical testing on their device to substantiate the promising results of earlier animal studies. Plaintiffs also sought to develop an intellectual property portfolio around the '418. In connection with this, Plaintiffs retained the services of Darryl Burke and, subsequently, Thomas Felger, two patent attorneys. Burke and Felger were tasked with filing additional patents for related technology developed by Plaintiffs. As described herein, neither Burke nor

[1] *See* Expert Report of Alan MacPherson at ¶¶ 12-13, Appendix at Exhibit B.

Felger was ever asked by Plaintiffs to perform a comprehensive review of the protection provided by the '418 Patent nor was such a comprehensive review ancillary to any of Burke and Felger's assigned tasks.

Plaintiffs first inkling of Fulbright's malpractice came in April of 2002, when Johnson & Johnson abruptly terminated a promising set of investment discussions, informing Plaintiffs that their '418 Patent had a fatal flaw.[3] Specifically, Johnson & Johnson's attorneys pointed to the "consisting of" language in the '418, asserting that this language rendered the patent incapable of adequately protecting the technology. This was the first time anyone brought the consisting of language to the attention of Plaintiffs.[4]

Upon the commencement of discovery in this lawsuit, Fulbright's counsel informed Plaintiffs that Fulbright would be seeking documents and information concerning communications between Felger, Burke and the Plaintiffs. Fulbright explained their position by noting that questions concerning such communications and the documents reflecting them were subject to the offensive-use exception to privilege. Acknowledging that Fulbright's position might have some validity, Plaintiffs entered into a letter agreement with Defendants in which Plaintiffs agreed to produce documents from Felger and Burke's files reflecting communications between these attorney and Plaintiffs. However, in this same agreement, Defendants expressly acknowledged that Plaintiffs were not waiving privilege "in whole or in part" with respect to any of the documents.[5] Plaintiffs subsequently produced documents pursuant to this agreement. In addition, Plaintiffs submitted to questions concerning such communications and permitted the deposition of Felger and Burke about such conversations. All such testimony provided by

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[2] *See* Expert Report of Alan MacPherson at ¶ 14.
[3] *See* Deposition of James Matson (J. Matson Depo") at 80:15-22, Appendix at Exhibit C.
[4] *See id.*
[5] *See* Letter Agreement between Jeremy Fielding, counsel for Plaintiffs, and Geoff Gannaway, counsel for Defendants, dated September 19, 2005, Appendix at Exhibit D.

Plaintiffs, Felger, and Burke, however, was specifically predicated upon the understanding outlined in the party's letter agreement that no waiver would result.

III. ARGUMENT AND AUTHORITIES

A. Defendants Have Previously Agreed that Plaintiffs' Answers to Questions Concerning Communications With Felger and Burke Would Not Constitute a Waiver of Privilege

In answering questions about communications between themselves and Messrs. Burke and Felger, Plaintiffs have not waived of privilege. As discussed above, prior to the answering any questions about such communications or producing documents reflecting them, Plaintiffs entered into a letter agreement with Fulbright, in which Fulbright expressly acknowledged the Plaintiffs were not waiving privilege. Plaintiffs produced documents and answered questions pursuant to the terms of this agreement. Also pursuant to the terms of this agreement, Fulbright should be barred from asserting their waiver argument.

B. Because a Review of the '418 Patent Sufficient to Discovery the Malpractice Was Outside the Scope of Felger and Burke's Employment, Offensive-Use Waiver Does Not Apply

1. As Fulbright's own witnesses have testified, discovering the malpractice would require a careful and comprehensive review of the '418 Patent.

As described above, Plaintiffs do not contend that the use of the term "consisting of" in the claim language of a patent is negligent per se. Rather, Plaintiffs contend that the insertion of this radically narrowing term was entirely unjustified and unnecessary under the circumstances. In certain circumstances, a patent attorney will have no choice but to employ this narrowing phrase. In the present case, had such dramatic narrowing been required by the patent office or necessary to distinguish prior art, the use of the consisting of phrase would have been entirely appropriate. However, no such justification for the use of the phrase existed. As more fully described above, the prior art was distinguishable on other grounds and her use of the "consisting of" phrase was ***entirely unnecessary and gratuitous***.

It follows from this that the malpractice at issue in this case is not something that would be apparent on the face of the patent. That is, the mere presence of the term "consisting of" in the claim language of the '418 is wholly insufficient to provide any basis for concluding that there was malpractice in its prosecution. Instead, the malpractice could only be discovered by carefully and comprehensively reviewing the entire patent file as well as a variety of corollary documents. This fact was recognized by Fulbright's own witnesses, including its expert witness, John Kirk:

> Q. And I take it, from just looking at the face of the 418 patent, just reading it, you can't draw any conclusion one way or another about whether or not Fulbright & Jaworski was negligent in its prosecution?
> A. That's correct.
> Q. And so you've got to do something more. And what -- what, in your mind, was that more that you would need to do before you felt competent to render an opinion?
> A. I needed to -- the "more" I needed to do, I needed to look -- look through the prosecution history; and then being aware of the -- what the allegations are that have been made by the plaintiffs, then see how the -- the prosecution history fits within the gamut of those allegations and, of course, the other correspondence and materials that were provided me.[6]

Kirk testified that the "further materials" he needed to review in order to determine whether malpractice had been committed included the contemporaneous correspondence between Fulbright and the Plaintiffs and the deposition testimony of some of the individuals involved.[7]

Other Fulbright witnesses provided similar testimony concerning the necessity of conducting a comprehensive review of the entire patent file and supporting documents before malpractice could be discovered.[8] For example, James Repass, a current partner at Fulbright and a senior attorney in Fulbright's Houston office at the time amendment to the patent application testified as follows:

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[6] J. Kirk Depo at 22:11-23:1, Appendix at Exhibit E
[7] J. Kirk Depo at 23:9-21, Appendix at Exhibit E

Q. You've read the patent?
A. I've read the patent.
Q. At least twice now?
A. (Moves head up and down.)
Q. And you're still of the opinion that Fulbright did not commit any negligence in the prosecution of the claim?
A. You know, just what you've had me read? There's no way one could reach that conclusion based upon just what you've asked me to read.
Q. So if I had you read all the claims, there is no way that one could reach the conclusion that malpractice had been committed?
A. You know, you're asking me a legal opinion, I believe; but to the extent that you want that legal opinion, my answer would be no. [9]

Notably, a knowledge of the effective scope the patent, without more, would be an equally insufficient basis for concluding that malpractice was committed in the prosecution of a patent. As a threshold matter, making such a determination of the effective scope of a patent would require a similarly comprehensive review of the patent file, patent history, prior art, and other supporting documents. Fulbright's witnesses provided uniform testimony on this point as well.[10] Mr. Repass explained this fact in the following way:

Q. You can't reach a conclusion about how narrow the patent is based upon reading the claims?
A. No.
Q. What would you have to do to determine if the patent was extremely narrow?
A. You would have to look at the prosecution history; you would have to look at the prior art; you would have to understand the technology; you would have to take into account a lot of factors. [11]

More fundamentally, however, even if such a comprehensive review of the effective scope of a patent was performed, such knowledge by itself does not lead to the conclusion that malpractice had been committed. All of the Fulbright witnesses agreed on this point.[12] This is

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[8] Deposition of Thomas Paul ("T. Paul Depo") at 171:16-23, Appendix at Exhibit F; Deposition of Jim Repass ("J. Repass Depo") at 93:14-4; 94, Appendix at Exhibit G; Deposition of William Stout ("W. Stout Depo") at 21:1-14, Appendix at Exhibit H.
[9] J. Repass Depo at 93:14-94:4, Appendix at Exhibit G
[10] W. Stout Depo at 21:1-14; T. Paul Depo at 171:16-172:9, Appendix at Exhibit H
[11] J. Repass Depo at 94:21-95:9, Appendix at Exhibit G
[12] T. Paul Depo at 174:10-25Appendix at Exhibit F; J. Repass Depo at 96:24-97:3. Appendix at Exhibit G: W. Stout Depo at 25:11-17, Appendix at Exhibit H.

because, as discussed above, the malpractice can only be uncovered by determining whether the narrowness of the patent was the product of an unjustified or needless amendment.

2. The Plaintiffs never asked Felger and Burke to perform a comprehensive review of the '418 Patent for any purpose, let alone instructed them to determine if malpractice had occurred in its prosecution

The record before the court is clear on the fact that Plaintiffs never asked Felger or Burke to perform a comprehensive review of the '418 Patent. Both Felger and Burke made clear in their depositions that the scope of their employment was limited to building a patent portfolio around the '418 Patent.[13] Further they testified that performing this work never required them to conduct anything more than a perfunctory review of the '418 Patent:

Q. And is there any particular reason why you would not have talked to the client about the strengths and weaknesses of a patent that was furnished to you?
A. That really wasn't -- that was never really my assignment to study the '418 patent or to come up with strengths or weaknesses about it.
Q. What was your assignment?
A. My main assignment from -- was to get patent protection on the new devices and procedures. The second -- my second assignment was to get claims that ere broader than that range on the filter in the Claim 1. There was lots and lots of discussion about how do we get patent protection that's not limited by the range of that -- of the filters.

* * *

Q. Okay. And to do that, did you need to know the strengths and weaknesses of the '418 patent?
A. My work with the '418 patent, prior to the call from Johnson & Johnson, was focused on those range -- that range in the filter. I mean, that's what I focused on. That's what my discussions with the client were on was that range. That's what -- that was the primary reason, only reason that I looked -- that we talked about the '418 patent was those -- that range.[14]

Felger also testified that he has no recollection of any of the Plaintiffs asking him any questions concerning the effective strength of the '418 Patent.[15] Nor does he recall ever communicating any information regarding the effective strength of the '418 within its claimed range:

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[13] As noted above, the deposition transcript of Darryl Burke is not yet available. However, Burke provided testimony similar to Felger's concerning the scope of his employment by Plaintiffs.
[14] T. Felger Depo at 25:11-24; 28:21-29:5, Appendix at Exhibit I
[15] T. Felger Depo at 73:6-10, Appendix at Exhibit I

Q. (BY MR. BECK) Did you ever discuss at any time the strengths and weaknesses of the '418 patent?

A. Prior to the Johnson & Johnson phone call?

Q. Yes, sir.

A. I don't remember any discussions like that prior to the Johnson & Johnson phone call. They may have occurred, but I don't recall any. I don't recall any.

Q. And is there any particular reason why you would not have talked to the client about the strengths and weaknesses of a patent that was furnished to you? A. That really wasn't -- that was never really my assignment to study the '418 patent or to come up with strengths or weaknesses about it.[16]

Significantly, the only time Felger can recall ever looking beyond the language of the '418 and at the prior art was in the early spring of 2002, when Johnson & Johnson raised questions concerning the effective reach of the claimed pore size range in the '418.[17] And in that instance, the scope of his assigned duties was confined to determining the extent to which the claimed pore size range in the '418 extended downwards and/or upwards to encompass slightly smaller or large pore size filters. In carrying out this assigned responsibility, Felger testified it was not necessary for him to determine the adequacy of protection within the claimed range. Indeed, he expressly indicated that answering that question was not part of his assignment.[18]

Felger and Burke's testimony concerning the scope of their employment is consistent with the testimony of the Plaintiffs concerning what Plaintiffs employed Felger and Burke to do.[19]

3. Because Felger and Burke's thoughts concerning Plaintiffs' malpractice claims (if any) would have been obtained while they were acting outside the scope of their employment, such thoughts are not imputable to the Plaintiffs

Under Texas law, knowledge acquired by an attorney, can be imputed to his client only where that knowledge was acquired "during and within the scope of his employment."[20] As one

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[16] T. Felger Depo at 25:3-16, Appendix at Exhibit I
[17] T. Felger Depo at 30:1-23, Appendix at Exhibit I
[18] T. Felger Depo at 101:25-102:11, Appendix at Exhibit I
[19] Deposition of Patrice Lee ("P. Lee Depo") at 102:20:-103:13, 158:13-159:8, Appendix at Exhibit J; J. Matson Depo at 301:18-25; 80:23-81:14, Appendix at Exhibit K; Deposition of David Radunsky ("D. Radunsky Depo") at 121:10-21; 139:24:-141:2, Appendix at Exhibit K.
[20] *American Centennial Ins. v. Canal Ins.*, 810 S.W.2d 246, 256 (Tex.App.--Houston [1st Dist.] 1991, writ granted).

Texas court has further elaborated, "Before notice or knowledge of an agent is imputed to his principal it must first be shown that the authority of such agent extended to the very matter about which and concerning which such knowledge or notice was acquired."[21]

The uncontroverted testimony of Plaintiffs, Felger and Burke establishes that Plaintiffs never instructed Felger or Burke to comprehensively review the '418 patent, either to investigate malpractice or for any other reason. Nor, as discussed above, was such a comprehensive review ancillary to any of their tasks Felger and Burke were assigned. Yet, according to the testimony of Fulbright's own witnesses, discovering the malpractice at issue in this case would have required just such a comprehensive review of the '418 Patent, the file history, prior art and related documents.

Because the scope of Felger and Burke's employment did not include the duties necessary for them to discover the malpractice at issue in this case, any thoughts concerning such malpractice could only have come if Felger and Burke ventured beyond the scope of their employment. Any knowledge thus obtained would accordingly not be imputable to Plaintiffs. And if this knowledge was not imputable to Plaintiffs, it could not be outcome determinative on the issue of statute of limitations – a necessary element to establish offensive-use waiver. [22] Accordingly, Defendants have failed to establish that offensive-use waiver applies to Felger and Burke's uncommunicated thoughts and impressions concerning the scope of the '418 Patent or malpractice committed by Fulbright during its prosecution of this patent.

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[21] *Tamburine v. Center Sav. Ass'n*, 583 S.W.2d 942, 949 (Tex.Civ.App.--Tyler 1979, writ ref'd n.r.e.).
[22] See, e.g., Republic Ins. Co. v. Davis, 856 S.W.2d 158, 163 (Tex. 1993)

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing document has been served as shown below on this the 21st day of February, 2006:

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